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Ex-IRS workers plead guilty in bingo scheme

BY TOM CAMPBELL

TIMES-DISPATCH STAFF WRITER

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Two former employees of the Internal Revenue Service have pleaded guilty in U.S. District Court to running a bingo scam using a bogus charity that claimed to obtain computers for needy children and schools.

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Jacqueline Jones and Shirley Gilliam worked as computer specialists for the IRS from 1999 through 2003. They operated a nonprofit organization called Youth Computer Literacy 2000 Inc. that ran weekly bingo games as fundraisers.

Instead, they diverted funds from the games to their own personal use in the form of loans to themselves and payments made to other parties.

Jones and Gilliam pleaded guilty Wednesday to one count each of conspiracy to commit offenses against the United States, a crime that carries a penalty of up to five years. Sentencing

is scheduled for July 28.

According to the criminal information filed against the two, Youth Computer Literacy obtained a bingo license from the Virginia Department of Charitable Gaming.

The department required that the charity file federal tax returns and that all proceeds from the games be used for a charitable purpose, except for buying game supplies and the cost of a security officer at the game site.

For the years 1999 through 2003, Jones and Gilliam failed to file Federal IRS Form 990, the tax return that tax-exempt organizations must file. They also filed fraudulent individual income-tax returns for those years.

Most of the money went for no charitable purpose. The defendants concealed from the Department of Charitable Gaming that they were misappropriating bingo proceeds and made it appear as if the money was going to purchase computers.

The defendants kept a double set of books on the weekly bingo games, one showing real amounts and the other a reduced set of figures reported to the department.

When the department made an audit request in April 2001, the defendants altered the charity's bank statements and checks to conceal payments to themselves and to game workers and to further make it appear as if bingo proceeds had been used to buy computers.

The penalties imposed at sentencing will include a restitution order by the court. Currently, the tax loss to the IRS is estimated at just under \$27,000.

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